

<i>In the Matter of</i>	)	
	)	No. G 01 - 06
	)	
<b>The Market Conduct Examination of</b>	)	<b>FINDINGS, CONCLUSIONS, AND</b>
<b>Sun Life Assurance Company of Canada</b>	)	<b>ORDER ADOPTING REPORT</b>
<b>(US).</b>	)	
	)	

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## BACKGROUND

An examination of the market conduct of the Sun Life Assurance Company of Canada (US) (the Company) for the period January 1, 1992, to December 31, 1996, was conducted by market conduct examiners of the Washington State Office of the Insurance Commissioner. The Company is an insurer authorized under RCW 48.05.030. This examination was conducted in compliance with the laws and regulations of the State of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the Office of the Insurance Commissioner. This examination was limited to Marketing and Sales Practices, Complaint Handling, and Replacement Activity.

The examination report with the findings and recommendations was transmitted to the Company for their comments on November 17, 2000. Response to the draft report was received on December 22, 2000.

The Commissioner or a designee has considered the report, the relevant portions of the examiner workpapers, and the submission by the Company. The report was modified to reflect new information provided by the company in their response to the draft report.

Subject to the right of the Company to demand a hearing pursuant to chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

## FINDINGS

The Commissioner adopts as findings the findings of the examiners as contained in the report.

## CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct of the Company.

## **ORDER**

The examination report as filed, attached hereto and incorporated by reference, is hereby ADOPTED as the final examination report.

It is ORDERED that the Company comply with the Instructions in the Report as follows (the page and other references are to the report):

- 1) The Company is in violation of RCW 48.17.010 and RCW 48.17.160(1) and is instructed to make certain all agents are licensed and appointed by the company with the State of Washington prior to soliciting applications on behalf of the company. (Page 11).
- 2) The Company is in violation of WAC 284-23-455(3) and is instructed to maintain a replacement register. (Page 15).
- 3) The Company is in violation of WAC 284-23-455(3) and is instructed to change its procedures to make certain all replacement business is entered on the Company's replacement register. (Page 15).
- 4) The Company is in violation of WAC 284-23-450(2) and is instructed to "Require with or as part of each application for life insurance or annuity a statement signed by the applicant as to whether such proposed insurance or annuity will replace existing life insurance or annuity." (Page 15).
- 5) The Company is in violation of WAC 284-23-455(1) and is instructed to "Require with or as part of each completed application for life insurance or annuity, a statement signed by the agent or broker as to whether he or she knows replacement is or may be involved in the transaction." (Page 15).
- 6) The Company is in violation of WAC 284-23-455(2)(b) and is instructed to change its procedures such that "written communication [to the existing company] shall be made within three working days of the date the application is received in the replacing insurer's home or regional office..." (Page 15).
- 7) The Company is in violation of WAC 284-23-455(2)(a)(ii) and is instructed to "Require...a copy of the replacement notice provided the applicant pursuant to WAC 284-23-440(2)(a). (Page 15).
- 8) The Company is in violation of WAC 284-23-455(2)(b) and is instructed to "Send to each existing insurer a written communication advising of the replacement or proposed replacement..." (Page 15).

ORDER G 01 - 06

The Market Conduct Examination of  
Sun Life Assurance Company of Canada (US)

Page 3

- 9) The Company is in violation of WAC 284-23-455(2)(a)(i) and is instructed to make certain that the notice is completed no later than at the time the application is taken. (Page 15).

ENTERED at Lacey, Washington, this 31st day of January, 2001.

MIKE KREIDLER  
Insurance Commissioner

By:

WILLIAM E. FRANSEN  
Deputy Commissioner